Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Text

PAGE 01 NATO 03152 061933Z

46
ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 PM-03 INR-07 L-03

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TO SECSTATE WASHDC PRIORITY 2195
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C O N F I D E N T I A L USNATO 3152

E.O. 11652: GDS
TAGS: MARR NATO
SUBJ: NATO SHARE OF FRENCH REIMBURSEMENT TO US IN CONNECTION WITH
RELOCATION CLAIMS

REFS: A. STATE 128969; B. AC/4(PP)D/10,978

SUMMARY. NATO INFRASTRUCTURE PAYMENTS AND PROGRESS COMMITTEE AGREED AT ITS MEETING ON 5 JUNE 1975 THAT THE NATO SHARE OF ANY FUTURE REIMBURSEMENTS FROM FRANCE TO US IN CONNECTION WITH US RELOCATION CLAIMS OF 36.16 PERCENT WAS TO BE REGARDED AS A FIRM FIGURE FOR FIRST FOUR PAYMENTS BY FRANCE AND ANY ADJUSTMENTS WHICH MIGHT BE REQUIRED WOULD BE MADE IN CONNECTION WITH FIFTH AND FINAL PAYMENT. END SUMMARY.

1. IN RESPONSE TO REF A WE OBTAINED INFRASTRUCTURE PAYMENTS AND PROGRESS COMMITTEE AGREEMENT TO THE FOLLOWING DECISION, TO BE RECORDED AS ITEM IV.2.(A) OF NATO DOCUMENT AC/4(PP)DS/1031. QUOTE.
IV.2(A) UNITED STATES - FRELOC - REIMBURSEMENT TO NATO

DOCUMENT: NOTE BY THE UNITED STATES MISSION REF A. INFRA 2094/75
DATED 5TH JUNE, 1975

REFS: (A) AC/4(PP)DS/1030, IV. (A)
CONFIDENTIAL

PAGE 02 NATO 03152 061933Z

(B) AC/4(PP)D/10978

THE COMMITTEE - AT 14 - :
SUBJECT TO CONFIRMATION BY GELGIUM, GERMANY AND THE NETHERLANDS

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

(SEE FOOTNOTE 1)

(1) RECALLED THAT ITS AGREEMENT, REFERENCE (A), THAT THE NATO PERCENTAGE SHARE OF 36.16 PERCENT, AS CALCULATED IN ANNEX I TO REFERENCE (B), WOULD APPLY EQUALLY TO ANY FUTURE REIMBURSEMENTS, WAS BASED ON THE ASSUMPTION THAT THE FIGURES UTILIZED IN THE CALCULATIONS WOULD REMAIN UNCHANGED;

(2) NOTED THE COMMITTEE'S CONCERN THAT THE FIGURES ON WHICH THE ABOVE CALCULATION WAS BASED WERE SUBJECT TO CHANGE ON THE BASIS OF BOTH EXCHANGE RATES AND FINAL CONTRACT COSTS;

(3) NOTED THE UNITED STATES STATEMENT OF THE REQUIREMENT, FOR INTERNAL REASONS, FOR AN AGREED FIRM FIGURE IN ORDER TO ESTABLISH

PAYMENT TERMS AND PROCEDURES UNDER US LAWS;

(4) AGREED THAT THEREFORE THE NATO PERCENTAGE SHARE OF 36.16 PERCENT WAS TO BE REGARDED AS A FIRM FIGURE FOR USE IN CALCULATING THE AMOUNTS DUE TO NATO FROM THE FIRST FOUR ANNUAL PAYMENTS BY FRANCE IN CONNECTION WITH THE US RELOCATION CLAIMS. ANY ADJUSTMENTS TO THE NATO SHARE (E.G. FOR THOSE ITEMS MENTIONED IN (2) ABOVE) WILL BE MADE IN CONNECTION WITH THE FIFTH AND FINAL PAYMENT.

FOOTNOTE 1 - BELGIUM, GERMANY AND NETHERLANDS GAVE THEIR CONFIRMATIONS AFTER THE MEETING. END OF QUOTE.

THE DECISION WAS MADE SUBJECT TO CONFIRMATION BY BELGIUM, GERMANY AND THE NETHERLANDS PENDING RECEIPT OF INSTRUCTIONS. AS NOTED ABOVE, ALL THREE HAVE GIVEN THEIR CONFIRMATIONS, AND THE DECISION IS FINAL.

2. THERE ARE TWO BASIC REASONS FOR COMMITTEE'S CONCERN AS EXPRESSED IN PART (2) OF DECISION QUOTED ABOVE. THESE ARE (A) FACT THAT CALCULATION IN ANNEX I TO REF B IS BASED IN PART ON AN ESTIMATED COST (QUOTED AT $41,350,000) OF PROJECTS CURRENTLY UNDER CONFIDENTIAL

PAGE 03 NATO 03152 061933Z

CONSTRUCTION AND NOT YET COMPLETED; (B) FACT THAT ULTIMATE DOLLAR RECEIPTS FROM NATO AUTHORIZATIONS DIFFER FROM $96 MILLION FIGURE UTILIZED IN REF B, DUE TO DOLLAR DEVALUATIONS AND CONSEQUEN CHANGES IN $/IAU EXCHANGE RATE. THUS, WHEN A PRIORI PROJECTS ARE FINALLY COMPLETED, THERE IS REASON TO EXPECT THAT FINAL NATO PERCENTAGE SHARE WILL DIFFER SHOMWAHT FROM 36.16 PERCENT FIGURE WE HAVE PRESENTLY CALCULATED.

3. TEXT QUOTED PARA 1 ABOVE REPRESENTS CLOSEST APPROACH WE WERE ABLE TO ACHIEVE WITH NATO INTERNATIONAL STAFF AND CONCERNED DELEGATIONS TO REQUEST FOR FIRM FIGURES IN REF A.

4. IN COURSE OF DISCUSSIONS ON THIS SUBJECT, CANADIAN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

DELEGATION REPRESENTATIVE (DUNSEATH) REQUESTED THAT WE INFORM HIS DELEGATION WHEN FINAL AGREEMENT WITH FRANCE HAS BEEN SIGNED, SINCE CANADA WISHES TO INITIATE ACTION WITH FRANCE IN PURSUIT OF HER OWN BILATERAL CLAIM AFTER OUR NEGOTIATION HAS BEEN COMPLETED. WE BELIEVE PAYMENTS AND PROGRESS COMMITTEE SHOULD ALSO BE INFORMED OF DATE OF SIGNATURE OF FINAL AGREEMENT, AND NATURE OF ITS CONTENTS. REQUEST GUIDANCE AS TO STATEMENTS WHICH WE CAN MAKE (A) TO CANADIAN DELEGATION, AND (B) TO P&P COMMITTEE. BRUCE

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Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

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Margaret P. Grafeld
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EO Systematic Review
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